

# FINAL BILL REPORT

## E2SHB 1105

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C 332 L 19  
Synopsis as Enacted

**Brief Description:** Protecting taxpayers from home foreclosure.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Orwall, Ryu, Wylie, Pollet, Stanford and Frame).

**House Committee on Local Government**  
**House Committee on Appropriations**  
**Senate Committee on Local Government**

### **Background:**

A county assessor is responsible for the calculation of property tax levies necessary to raise revenues for government services and administers a variety of tax exemptions, including the exemption and deferral programs for low income senior citizens and individuals with disabilities.

A county treasurer (treasurer) is the custodian of county money and the administrator of the county's financial transactions. Treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements.

### Tax Statements and Payment Due Dates.

All real and personal property in Washington is subject to property tax, unless the law provides a specific exemption. All taxes due on real and personal property are due and payable to the treasurer. To avoid interest and penalties, at least half of the amount owed is due by April 30 and the balance is due by October 31. If the tax is less than \$50, the entire payment must be paid in full by April 30. Delinquent tax payments are subject to interest and penalties.

Each treasurer is responsible for notifying each taxpayer of the amount of taxes owed on the taxpayer's property and for collecting all taxes levied on personal and real property in the county. Each tax statement must include a notice that payments are to be made payable to the treasurer or other appropriate office. There is no specified date in statute identifying when tax statements are required to be distributed to taxpayers.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

### Tax Delinquencies.

Delinquent tax payments are subject to interest and penalties. Interest is charged at a rate of 1 percent per month on the full amount due from the month of delinquency until the delinquency is paid in full. In addition, a 3 percent penalty is also imposed on the unpaid amount of current taxes on June 1 with an additional 8 percent penalty imposed on the unpaid amount of current taxes as of December 1.

Electronic billings and payments may be made on a monthly or other periodic basis for delinquent tax year payments only or for prepayments of current tax.

### Payment Options.

A treasurer may accept prepayments for current year taxes provided the payments are paid in full by the statutory tax payment due dates.

A treasurer may also provide a payment agreement to a taxpayer for payment of any current or delinquent taxes owed. In instances where tax payments are past due, the treasurer may provide a payment agreement for payment of any past due delinquent taxes; however, a taxpayer cannot participate in the payment agreement for past year delinquencies if his or her current year taxes have not been paid timely. If a taxpayer participates in a payment agreement, the agreement must be signed by the taxpayer and the treasurer.

In addition to payment agreements, a treasurer may also accept partial payments of current and delinquent taxes, including any interest and penalties. If a taxpayer is successfully participating in a payment agreement or a partial payment program, the taxpayer may get relief from additional penalties and interest, and the county may not assess any additional penalties on delinquent taxes that are included within the payment agreement.

### Tax Foreclosures.

Three years after the date real property taxes become delinquent, the treasurer is required to begin foreclosure action. The treasurer must issue a certificate of delinquency on the property for all years' taxes, interest, and costs, unless the treasurer elects to issue a certificate for fewer than all years' taxes, interest, and costs. The treasurer files the certificate of delinquency with the clerk of the court and, with the assistance of the local prosecuting attorney, institutes an action for foreclosure of the real property tax lien. A certificate of delinquency establishes that: the property was subject to property tax; the property was assessed as required by law; and the taxes or assessments were not paid at any time before the issuance of the certificate. Notice and summons of the foreclosure proceeding must be given to the property owner and any person having a recorded interest in, or lien of record upon, the property.

The superior court, in determining an action to foreclose on a tax lien, may enter an order for the sale of the affected property which allows the county treasurer to proceed with the sale of the property. The treasurer must sell the property through a public auction and upon sale of the property, a purchaser must pay all delinquent taxes, interest, or costs.

### **Summary:**

Property tax statements are amended, payment options are expanded for delinquent taxpayers, interest and penalties for delinquent payments are waived in limited circumstances, and the foreclosure statutes are amended.

#### Tax Statements and Payment Due Dates.

Treasurers must distribute tax statements, for the current year's taxes owed, to each taxpayer on or before March 15 provided that: (1) all local taxing budgets have been submitted to the county legislative authorities by November 30; (2) the county legislative authority has certified taxes levied to the county assessor by November 30; and (3) the assessor has delivered the tax roll to the county treasurer by January 15.

#### Tax Delinquencies.

A treasurer must provide a notice to each taxpayer whose taxes are delinquent. The delinquent tax notices must specify where the taxpayer can obtain information regarding: (1) any current taxes or special assessments due, including any penalties and interest; (2) any delinquent taxes or assessments due, including any penalties and interest due; and (3) the contact information for the statewide foreclosure hotline as recommended by the Washington State Housing Finance Commission (HFC) in instances where the taxpayer directly pays his or her property taxes.

Within 90 days after the expiration of two years from the date of a tax payer's delinquency, the treasurer must provide the name and address of the delinquent taxpayer to a homeowner resource center or any other designated local or state entity recommended by the HFC.

Electronic billings and payments may be made for both delinquent tax year payments and for prepayments of current tax.

Payments on past due taxes must include collection of the oldest delinquent year, which includes interest, penalties, and taxes within an 18-month period, prior to filing a certificate of delinquency or distraint.

Upon request, county assessors may assist taxpayers, as applicable, in applying for the property tax exemption or tax deferral programs, and must assist taxpayers by referring them to the statewide foreclosure hotline. In addition, county treasurers and assessors must publicly display information about the property tax exemption and deferral programs in their office.

#### Payment Options.

Despite whether current year taxes are paid on a timely basis, taxpayers are authorized to participate in a payment agreement with the treasurer for past due tax delinquencies.

All payments, received by a treasurer from a taxpayer participating in a payment agreement for a tax delinquency or making a partial tax payment for a delinquency, must be applied to the oldest delinquent year first unless the taxpayer requests otherwise. In instances where a taxpayer is participating in a payment agreement for paying property taxes, the payment agreement must be signed by the taxpayer and either the treasurer or the treasurer's deputy.

#### Tax Foreclosures.

Treasurers are prohibited from filing a certificate of delinquency for a property foreclosure when the tax delinquency totals \$100 or less excluding interest and penalties. This prohibition does not apply to a parcel where a local government has declared the parcel a nuisance affecting public peace, safety, and welfare.

If a treasurer sells a foreclosure parcel at a public auction, the winning bidder is allowed no less than 48 hours to pay the winning bid by electronic fund transfer.

Waiver of Interest and Penalties.

Treasurers must waive all outstanding interest and penalties on delinquent taxes for one time only if the property is subject to foreclosure, the taxpayer is income-qualified under the \$40,000 threshold for the tax exemption available to senior citizens and service-connected disabled veterans, and the taxpayer occupies the property as the taxpayer's principal place of residence.

Other technical amendments, clarifications, and subtitles are added to the act.

**Votes on Final Passage:**

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|--------|----|----|-------------------|
| House  | 59 | 38 |                   |
| Senate | 44 | 3  | (Senate amended)  |
| House  | 57 | 38 | (House concurred) |

**Effective:** January 1, 2020